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MISSION

Washington, D.C. 20549

**ANNUAL AUDITED REPORT  
FORM X-17A-5 (A)  
PART III**

OMB APPROVAL	
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8- 44065

**FACING PAGE****Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: AMERICAN FINANCIAL ASSOCIATES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1700 NORTHAMPTON STREET, P.O. BOX 1659

(No. and Street)

EASTON

(City)

PA

(State)

18044-1659

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

MR. HENRY D'ALBERTO(610) 559-1600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KIRK, SUMMA & CO., LLP

(Name - if individual, state last, first, middle name)

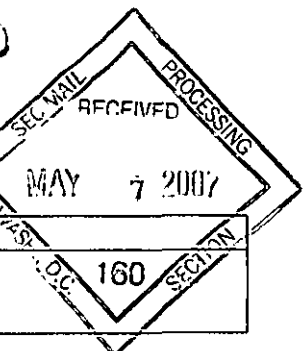
1405 N. CEDAR CREST BLVD., SUITE 102, ALLENTOWN, PA 18104

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions**PROCESSED****MAY 10 2007****THOMSON  
FINANCIAL****FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

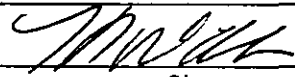
SEC 1410 (06-02)

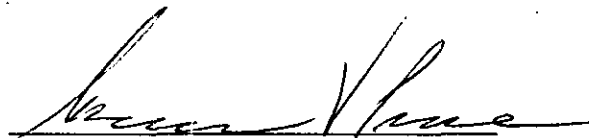
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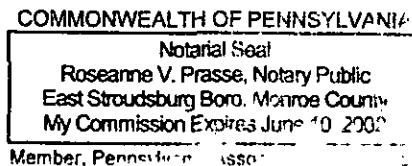
## OATH OR AFFIRMATION

I, HENRY D'ALBERTO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AMERICAN FINANCIAL ASSOCIATES, INC., as of DECEMBER 31, 20 06, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NO EXCEPTIONS

  
Signature  
PRESIDENT  
Title

  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☐ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**AMERICAN FINANCIAL ASSOCIATES, INC.  
STATEMENTS OF NET CAPITAL RECONCILIATION  
AUDITED REPORT VS. UNAUDITED FOCUS REPORT  
DECEMBER 31, 2006 AND 2005**

	Per Focus Report Form X-17A-5		Form X-17A-5		Per Focus Report Form X-17A-5	
	2006	2005	2006	2005	2006	2005
A) Gross Capital	\$ 37,493	\$ 36,878	\$ 161	\$ 3,468	\$ 37,654	\$ 40,346
B) Add:						
Liabilities subordinated to claims of general creditors allowable in computation of net capital	6,000	-	-	-	6,000	-
C) Deduct:						
Total nonallowable assets from Statement of Financial Condition	(11,102)	(6,992)	-	-	(11,102)	(6,992)
Net Capital	<u>\$ 32,391</u>	<u>\$ 29,886</u>	<u>\$ 161</u>	<u>\$ 3,468</u>	<u>\$ 32,552</u>	<u>\$ 33,354</u>

	2006	2005
<u>Reconciliation of Adjustments</u>		
Adjustments to Gross Capital:		
Adjustment to receivables	\$ (4,845)	\$ -
Adjustment to payables	3,633	2,261
Adjustment for voided checks	-	458
Adjustment to certificate of deposit	1,373	749
Total Adjustments	<u>\$ 161</u>	<u>\$ 3,468</u>

**END**